

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Section 1-19-040 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

1-19-040 Debt check and set off.

(a) Prior to paying any person who is entitled to payment from the City, including, but not limited to, any person entitled to a settlement payment, a judgment payment, a contract price payment, or a refund payment, the Comptroller shall perform a debt check to determine if that person has an outstanding debt due and owing to the City, unless such person has received a determination under subsection (c) of this section or a certification under subsection (d) of this section evidencing such person has no outstanding debt due and owing to the City.

(b) If the debt check required under subsection (a) reveals that the person entitled to payment from the City has an outstanding debt due and owing to the City, the Comptroller shall notify such person of the amount of such debt and provide a description of such debt, including a copy of any applicable bills, invoices, returns, judgments, orders, or citations. Except as otherwise provided in Section 2-92-380(b), the Comptroller shall set off against such payment the amount of the debt due and owing to the City, including all associated interest, fees, and expenses. The Comptroller shall fully apply the set off amount before paying the remaining payment amount to the person entitled to payment from the City.

(c) If the debt check required under subsection (a) reveals that the person entitled to payment from the City does not have any outstanding debt due and owing to the City, or that any previously outstanding debt has been satisfied or otherwise resolved, the Comptroller may presume, for a period of 365 days from the date of such determination, that such determination is accurate and remains valid.

(d) The Comptroller shall establish and maintain a program for any person who is or may be entitled to payment from the City to request a certification that such person does not have any outstanding debt due and owing to the City, or that any previously outstanding debt has been satisfied or otherwise resolved. The Comptroller may impose an appropriate filing fee, as determined by rule. A certificate issued under this section will be valid for 365 days from issuance.

(e) For the purposes of this section, the terms "satisfied" and "otherwise resolved" shall have the respective meanings ascribed in Section 2-32-094.

(f) Nothing in this section shall preclude the City from seeking to collect any debt due to the City through the use of any administrative procedure or court proceeding authorized by law.

~~(d)-(g)~~ The Comptroller is authorized to adopt rules for the proper administration and implementation of this section.

SECTION 2. Section 1-23-400 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

1-23-400 Issuance of licenses and permits prohibited.

(a) *Definitions.* For purposes of this section:

(1) The term "25 percent or greater interest in the applicant or property owner" shall mean 25 percent or more of the combined voting power or fair market value of all stock, partnership interests or other ownership interests in the applicant or property owner, or the right to receive at any time the distribution of 25 percent or greater income or profits of the applicant or property owner. Provided, however, that with respect to those licenses or permits for which disclosure of a lesser percentage of ownership interest is required under this Code, including, but not limited to, licenses issued under Chapter 4-60, the percentage of ownership set forth in the specific ordinance establishing such license or permit shall be substituted for the term "25 percent" in the above definition.

(2) The term "responsible party" shall mean (i) the applicant for such license or permit or (ii) the property owner identified in the applicable application or (iii) any person owning, directly or indirectly, a 25 percent or greater interest in the applicant or property owner.

(3) "Look-back period" means a five-year period immediately prior to the date an application for a license or permit, as applicable, is submitted to the City

(4) The term "debt" shall have the meaning ascribed in Section 1-19-010.

(5) The terms "otherwise resolves" and "satisfies" shall have the respective meanings ascribed in Section 2-32-094.

(b) *License and permit issuance prohibited.*

(1) ~~(A) No person shall be eligible to obtain any license or permit of any type issued under this Code, and no such license or permit shall be issued by the applicable department, if a responsible party if the applicable responsible parties, or any entities entity in which any responsible parties have party has a 25 percent or greater interest, has collectively have any debts, as defined in Section 2-32-094(a), of \$5,000 or more, in the aggregate, incurred within the look-back period, unless and until each applicable person owing such debt satisfies or otherwise resolves the debt within the meaning of Section 2-32-094(a).~~

(B) If, within the look-back period, the applicable responsible parties, or any entities in which any responsible parties have a 25 percent or greater interest, collectively have any debts of less than \$5,000, in the aggregate, incurred within the look-back period, the applicable department may issue such license or permit, provided however that it shall be a condition of such license or permit that each applicable person owing such debt satisfied or otherwise resolves the debt before any applicable inspections may be scheduled, or 90 days after issuance of any license or permit, whichever is earlier.

(Omitted text is unaffected by this ordinance)

(d) Notwithstanding anything in this section to the contrary, nothing in this section shall waive, or permit the waiver of, any debts incurred outside of the applicable look-back period, which shall remain a debt due and owing to the City in accordance with applicable law.

SECTION 4. Section 2-32-094 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

2-32-094 Indebtedness – Ineligibility for permits and acceptance of applications.

(a) *Definitions.* As used in this section, unless the context indicates otherwise:

"Debt" shall have the meaning ascribed to the term in subsection (a) of Section ~~4-4-150~~ 1-19-010.

"Look-back period" means a five-year period immediately prior to the date an application for a license or permit, as applicable, is submitted to the City

"Otherwise resolved" or "otherwise resolves" means any debt that (1) has been discharged by the city council in accordance with terms and conditions fixed by the city council; or (2) is governed by an agreement for payment of the debt entered into by the person owing such debt with a court of competent jurisdiction or the department of finance or the department of law or the State of Illinois or any appropriate city department or local, state or federal government agency or third party for the payment of all debts owed, if each person owing the debt is in compliance with the terms of the agreement; or (3) enforcement of which has been judicially stayed by a court of competent jurisdiction; or (4) is the subject matter of a good faith negotiation with the department of finance, as determined by the comptroller, to resolve a dispute contesting liability for, or the amount of, such debt, including, but not limited to, contesting that any debt has been assigned to the applicable person in error; or (5) is dischargeable in bankruptcy and the person owing such debt has filed a petition in bankruptcy.

"Requested city action" means the issuance of the applicable license or permit ~~or acceptance of the applicable application~~ by the responsible department.

"Responsible department" means the city department responsible for issuing the applicable license or permit ~~or for accepting the applicable application~~.

"Responsible party" shall have the meaning ascribed in Section 1-23-400.

"Satisfied" or "satisfies" mean any outstanding debt that has been or is paid in full.

(b) *Investigation authorized.* If the issuance of a license or permit ~~or acceptance of an application~~ is prohibited under this Code to any person who has outstanding debt, the department of finance may investigate whether such person has outstanding debt. Upon receiving an application for a license or permit subject to this section, the responsible department shall submit a request to the department of finance to conduct an investigation under this section. Such request shall include, at a minimum, a copy of the application for such license or permit and any contact information possessed by the responsible department, including email addresses, for the applicant, any responsible parties, and their respective agents.

(c) *Notification required.* If, as a result of an investigation under this section, the department of finance determines that any applicable responsible parties have person has outstanding debts of \$5,000 or more, in the aggregate, incurred within the look-back period, the department shall notify the person owing the debt of its determination and of the fact that such person is ineligible under the Code for the requested city action until such time that the outstanding debt is satisfied or otherwise resolved. If, as a result of an investigation under this section, the department of finance determines that any applicable responsible parties have outstanding debts of less than \$5,000, in the aggregate, incurred within the look-back period, the department shall notify the person

owing the debt of its determination and of the fact that such person is subject to Section 1-23-400(b)(1)(B).

The notification required under this subsection shall:

(i) be in writing;

(ii) notify the person owing the debt and, if required under the Code, such person's agent, that the Municipal Code of Chicago prohibits the responsible department from granting the requested city action to persons or responsible parties who have outstanding debts of \$5,000 or more, in the aggregate, incurred within the look-back period;

(iii) state that the department of finance has determined that an outstanding debt exists;

(iv) notify the person of the amount of such outstanding debt and provide a description of such outstanding debt, including a copy of any applicable bills, invoices, returns, judgments, orders, or citations; describe the debt that is outstanding or inform the person owing the debt that, upon request, a description of the outstanding debt is available from the department of finance;

(v) inform the person owing the debt of his or her right to contest the department of finance's determination that an outstanding debt exists, including the applicable deadlines and a description of how to submit a petition under this section; and

(vi) inform the person owing the debt of the circumstances under which an outstanding debt will be deemed to have been satisfied or otherwise resolved, including a description of how to submit payment for to satisfy the outstanding debt.

Notices under this section shall be sent by email to the email addresses included in the request submitted under subsection (b) for the applicant for such license or permit, any responsible parties, and their respective agents. If no such email addresses have been listed on the application or used in previous contacts with the responsible department, the notice shall be sent by first class mail addressed to the address identified in the application for the requested city action. If notice is provided by mail, it shall be sufficient to mail the notice to: (A) the applicant; and (B) the last address that the person owing the debt provided to the responsible department. The date of the notice shall be the date such notice is sent by email, or the date such notice is deposited in the mail, if served by first class mail; the date of delivery, if served by personal service; or the date of service, if served in any other manner.

(d) (1) *Right to petition.* Upon request of the person owing the debt, the department of finance shall provide such person with a written description of such debt. The person owing the debt shall have ten business days from the date of the notice issued under subsection (c) to petition the comptroller to reverse the department's determination ~~under subsection (b)~~, by submitting in person, by email, or by mail, a written response to the comptroller that includes the following materials and information: (i) the full name, address, email address, and telephone number of the person owing the debt; (ii) a written statement signed by the person owing the debt setting forth facts, law or other information relevant to establishing a defense to the department's determination ~~under subsection (b)~~; (iii) a copy of the notice provided by the department under subsection (c) to the person owing the debt; and (iv) any documentary evidence that supports the written statement of the person owing the debt, including receipts for the payment of an alleged debt or other tangible proof that the debt has been satisfied or otherwise resolved.

(2) *Final order.* Within ten business days of receiving a petition under subsection (d)(1) from the person owing the debt, unless a longer period is mutually agreed upon, the comptroller shall enter an order granting or denying the petition. If the petition is denied, such order of the comptroller shall be accompanied by a written decision stating why the petition is being denied. Such order of the comptroller shall be final and may be appealed as provided by law. Upon issuance of such a final order for any outstanding debts of \$5,000 or more, in the aggregate, incurred within the look-back period, the person seeking the requested city action shall not be eligible for such requested city action until such person satisfies or otherwise resolves the outstanding debt. Upon the issuance of a final order for any outstanding debts of less than \$5,000, in the aggregate, incurred within the look-back period, the person seeking the requested city action shall be subject to Section 1-23-400(b)(1)(B).

If the petition is granted, the comptroller shall provide a copy of such order to the responsible department, and the responsible department shall update the applicable city records to reflect that such person does not have an outstanding debt to the city.

(Omitted text is unaffected by this ordinance)

(f) *Duration of validity of determination.* If, in connection with any investigation conducted under subsection (b) of this section, the department of finance determines that a person does not have any outstanding debt, or that an outstanding debt has been satisfied or otherwise resolved, the department may presume, for a period of 90-365 days from the date of such determination, that such determination is accurate and remains valid.

(Omitted text is unaffected by this ordinance)

(h) Notwithstanding anything in this section to the contrary, nothing in this section shall waive, or permit the waiver of, any debts incurred outside of the applicable look-back period, which shall remain a debt due and owing to the City in accordance with applicable law.

SECTION 5. Section 2-92-380 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

2-92-380 Contracts restrictions – Disclosure of debts to city – Outstanding parking violations.

(Omitted text is unaffected by this ordinance)

(b) Every city contract shall contain a provision that entitles the city to set off a portion of the contract price equal to the amount of any debt owed by the contracting party to the city unless such debt is satisfied or otherwise resolved, each as defined in Section 2-32-094, prior to the date on which the first payment under the city contract becomes due and payable to the contracting party.

(Omitted text is unaffected by this ordinance)

SECTION 6. Section 4-4-084 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-4-084 License suspension or revocation pending payment of fines, costs or other sum of money owed to the city.

(a) If a person fails to pay any fine, assessment of costs or other sum of money owed to the city pursuant to an order of the department, a court order, or an order of the department of administrative hearings within 30 calendar days of such fine, assessment or sum of money becoming a debt due and owing to the city within the meaning of Chapter 1-19 of this Code, and the amount of such debts due and owing to the city is \$5,000 or more, in the aggregate, incurred within the look-back period, such person's license may be suspended or revoked by the department in accordance with the requirements set forth in Section 4-4-280. If the license is suspended, the suspension shall remain in effect until such time that the fine, assessment of costs or other sum of money is paid in full. If the license is revoked, the licensee shall be barred from applying for a new or different city license for a period of one year after the date of revocation.

(b) Notwithstanding anything herein to the contrary, nothing in this section shall waive, or permit the waiver of, any debts incurred outside of the applicable look-back period, which shall remain a debt due and owing to the City in accordance with applicable law.

SECTION 7. Section 4-4-150 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-4-150 Indebtedness – License ineligibility.

(a) Whenever used in this section, the term "debt" shall ~~mean:~~ have the meaning ascribed in Section 1-19-010.

~~(1) a sum of money owed to the City for which the period granted for payment has expired, including, but not limited to, any obligation or payment of a sum of money owed to the City pursuant to a court order or an order of the Department of Administrative Hearings, and in the case of a "tax" within the meaning of Section 3-4-020 of this Code, includes any unpaid tax liability, whether or not an assessment has been issued;~~

~~(2) any obligation or payment of a sum of money owed to a third party, including restitution, pursuant to an order of the Department of Administrative Hearings;~~

~~(3) a parking ticket, notice of parking violation, or parking violation complaint on which full payment has not been made or an appearance has not been filed in the Circuit Court of Cook County within the time specified on the complaint;~~

~~(4) a sum of money owed to the State of Illinois when the City has received certification from the State that the license applicant or licensee upon renewal has been given notice and an opportunity to contest the State's determination that such applicant or licensee owes the sum of money;~~

~~(5) a sum of money owed to the Metropolitan Pier and Exposition Authority for the M.P.E.A. Airport Departure Tax;~~

~~(6) a sum of money owed to the County of Cook when the City has received certification from the County, pursuant to procedures agreed upon by the County and the City, that the license~~

~~applicant has been given notice and an opportunity to contest the County's determination that such license applicant owes the sum of money;~~

~~(7) a sum of money owed to any Sister Agency, as that term is defined in Section 1-23-010, when the City has received certification from the Sister Agency, pursuant to procedures agreed upon by the Sister Agency and City, that the license applicant has been given notice and an opportunity to contest the Sister Agency's determination that such license applicant owes the sum of money.~~

(Omitted text is unaffected by this ordinance)

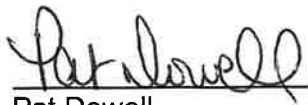
(d) Notwithstanding anything in this section to the contrary, nothing in this section shall waive, or permit the waiver of, any debts incurred outside of the applicable look-back period, which shall remain a debt due and owing to the City in accordance with applicable law.

SECTION 8. Section 14A-4-409.2 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

14A-4-409.2 City debt.

The *building official* and the Comptroller ~~may~~ shall establish and maintain a program for prospective *permit* applicants to request a certification that they are not subject to *permit* denial based on outstanding debt as provided in Section 14A-4-401.3.1, before filing the *permit* application. Each request must identify the property address where work is to be permitted and all *persons* listed in Section 14A-4-410.3(5). The filing fee for each request is provided in Table 14A-12-1204.1. A certificate issued under this section will be valid for ~~420~~ 365 days from issuance.

SECTION 9. This ordinance takes effect on January 1, 2027.



Pat Dowell
Alderman, 3rd Ward